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HRM research in China: looking back and looking forward

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Abstract

Purpose – The purpose of this paper is to provide an overview of the field of human resource management (HRM) in China, with insights drawn from recent times to several millennia earlier, with a view to informing the further work that needs to be done to better understand managing people in China.

Design/methodology/approach – The authors examined Chinese ancient texts related to people management and drew on reviews of HRM research in China since the establishment of the People’s Republic of China in 1949 till current times, to draw lessons for HRM in China today and for the future.

Findings – The 2,500 year gap that separates the literatures studied as part of this review cannot hide the striking similarities between the conceptual views about the importance of people and their management in the two periods. Yet, there remains a lack of empirical studies of the Chinese style of HRM practices. The majority of recent research in the field of HRM in China is focussed on comparison between HRM practices in various types of enterprises operating in China and those in the west, with the apparent aim of better understanding the latter rather than the former.

Originality/value – As China is rapidly becoming a key global player, and its enterprises represent an increasing share of the global market, it is crucial to understand how Chinese firms have managed their people at home and globally to achieve performance outcomes. Are there lessons other firms, especially those in emerging markets could learn? What are the implications for building global management and organisational knowledge? This paper provides some directions for future research about HRM in China, which may help gain a better understanding of the Chinese style of management and further develop management and organisation theories in the China context.

Introduction

Over the last decade, scholars around the world have contributed to a significant increase in the body of knowledge related to the organisational and management practices of companies operating in China. This growth, quite properly, has been reflected in a series of “taking stock” reviews of the literature (Li and Tsui, 2002; Peng et al., 2001; Quer et al., 2007; Tsui et al., 2004). In the same way, recognising human resource management (HRM) in China as an emerging discipline, Zhu et al. (2008) presented their review of HRM research in China. Recently, we conducted a critical review of 107 empirical studies of HRM in China (1978–2007) (Zheng and Lamond, 2009b). We have also examined a series of ancient Chinese texts and compared them to those of contemporary Western management thinkers, including Warren Bennis, Peter Drucker, Mary Parker Follett, Douglas McGregor, Rosabeth Moss Kanter, Elton Mayo and Jeffrey Pfeffer (Zheng and Lamond, 2009a).
Our findings from these activities were both illuminating and challenging. Most striking is that, while we found a rich tradition of interest in people management in the ancient Middle Kingdom of China, reference to this body of knowledge appears to be largely missing from contemporary studies of HRM in China. We were moved to speculate that, while these people management principles are yet to be fully recognised in the wider management literature, the underlying wisdom passed on through generations over that 2,500 year period of Chinese history is likely to have contributed to the development of distinctive ways of managing people and systems inside China (Zheng and Lamond, 2009a, b). The fact that old yet sound management principles have not been drawn explicitly into contemporary HRM thinking in the Chinese context is not surprising, given the extent to which HR research in China has been focussed on drawing lessons for HRM in the west and the extent to which the history of management thought is similarly ignored in the west (Lamond, 2005, 2006). This provides the context then, within which we ask the question:

 [...] what can we as educators and practitioners alike do to reinforce and renew good practices globally, despite the ongoing debate on universal/convergent and particular/divergent management practices when discussing HRM in contexts?

China is already now a key global player, with its enterprises taking an increasing share of the global market. It is important then, to understand how Chinese firms have managed their people at home and abroad to achieve both economic and social performance outcomes. As we have observed earlier (Zheng and Lamond, 2009b, p. 2216), the rapid internationalisation of Chinese firms and the limited research on their impact in the wider arena has meant corresponding limits to the understanding and appreciation of Chinese management practices. There is an urgent need to start documenting the patterns and identify development trends of Chinese management practices. That is why the establishment of a specialised Journal of Chinese Human Resource Management (JCHRIM) is particularly relevant and timely. When the interaction between the Western and Chinese HRM practices is studied and examined both in China and in the wider context, we shall see a truly global HRM system with Chinese characteristics recognised and incorporated (Zhu et al., 2008). Through JCHRIM, scholars and practitioners will share ideas and exchange points of view to reinforce best practices embedded in such a global HRM system with China recognised as an equal player in the market.

About 2,500 years ago, Sun Tzu (490 BC/1992 AD: 20-21) wrote about the importance of incorporating sound HRM principles – communication, competency based recruitment, training and development and performance management – in organisational strategy.

Therefore, when laying your plans, compare the following elements, appraising them carefully:

1. which ruler possesses the moral law;
2. whose commander has the most ability;
3. which army obtains the advantages of heaven and Earth;
4. on which side are regulations and instructions better carried out;
5. which army is the stronger;
6. which has the better trained officers and men; and
7. in which army is there certainty for rewards and punishments being dispensed.

By means of these seven considerations I can forecast victory or defeat.
More recently, Brewster (1995, 2007) and Brewster and Hegewisch (1994) have argued for the contextualisation of those principles within a national culture, while promoting the existence of a European model of HRM (Figure 1). Given that China has the world's largest population – one in four people can be identified as Chinese from mainland China (Tsui et al., 2004) – it is seems reasonable to argue for a similar contextualisation and to proffer the notion of a Chinese model of HRM.

Central to our argument is that despite different cultural and institutional settings between China and the rest of the world, the principles of people management remain strikingly similar in the east and the west, yesterday, today and tomorrow. Even though a specific HRM model for Chinese firms is yet to be formed, it could be anticipated that such model is likely to resemble those in the current HRM literature (De Cieri et al., 2007). Differences are, however, seen to be in the emphasis on specific contents of HRM, subject to the organisational strategy, structure and culture, rather than on the principles per se. For example, Chinese firms may focus more on relationship instead of resources management as they see the latter could be expanded and enlarged as a result of better human relationship management. Chinese firms are probably better known for their effective utilisation of cost-reduction strategies, rather than an emphasis on selective hiring, ensuring the right people in the right position at the right time, or on performance management, ensuring rewards and recognition tied closely with performance, or on heavy investment in training and capability building for long-term development. At the same time, the principles of impartiality, equity, fairness/justice, organisational/employee well-being and participation are embedded in the ancient Chinese texts we have explored.

The model proposed and summarised in Figure 2 characterises HRM as human relationship management, and has as its main themes the interrelatedness of HR strategies and practices, organisational strategies and the wider environment; the idea that effective HRM is genuinely strategic in a configurational sense; the idea that the employer-employee relationship is more than just a formal contractual relationship – it is a human relationship, understood in terms of individual and group dynamics as well as the strategic nature of the process; and the idea that the humanity that defines the employer-employee relationship brings into play the values of equity, fairness and concern with the dignity of people. These are discussed as part of the following explanation of the model and its structure.

Working from the outside, the model is designed to reflect the embedded nature of organisations, such that the political, social, economic and technological environments within which organisations operate are seen to impinge on, and be influenced by, those organisations and their activities. The thin line between the organisation (the shaded area) and the wider environment, together with the overlapping of the HR activities, also acknowledges this “embeddedness”. People do not cast off the influences of their wider environment when engaging in the workplace, nor are they able to simply leave the influence of the workplace behind when they leave the workplace (wherever that might be in this increasingly flexible world).

The shaded area itself aims to denote several things. First, it represents the organisation as collective (social grouping) and as collection (of individuals), such that it is necessary to draw on insights at the individual and social (including political) levels in order to fully appreciate the observed dynamics. Indeed, it is this concern for the understanding of the individual and group behaviour that may be fundamental to successful implementation of strategy.
Second, it refers to the nature of the employer-employee relationship within the context of which these activities occur. Since it is a human relationship, it is guided by human values – equity, fairness (concern for) employee well-being and employee participation. These are more than just HR concerns; they are characteristic of the relationship (although, like rules, more often honoured in the breach). They are also notions that (in theory, at least) sit comfortably with the principles of the ancient Chinese texts that were earlier argued to have influenced later people management. It is a relationship at the same time, which is properly informed by its *raison d’être*, as shown by the embedded HRM activity boxes.

Central to the idea of HRM is “getting work done” – this serves as a reminder of the purpose of HRM, in the context of the relationship and the wider environment. In that regard, the HR activities identified include organisational strategy on the basis that the HR function has a role in formulating that strategy, while the linkage refers to the iterative, bi-directional nature of that relationship (and the others). In order to leave some space on the figure, not all the linkages are shown, although it is assumed that there are linkages (relationships) between all the HRM activities – a small licence allowing for the conceptual nature of the model. In this regard, it is also meant to reinforce the idea that HRM activities are not a series of discrete transactions – as relationships are established, developed and enhanced (and eventually severed, for a variety of reasons), selection (acceptance) decisions, for example, influence training and development decisions, which are informed by and inform performance management and so on. It also acknowledges the inappropriateness of a piecemeal approach to HR activities that does not recognise these interactions.

The model proffered here draws on a number of the aspects of the European model, but it is also informed by other approaches as will be discussed throughout this paper. It is also a model which undoubtedly contains oversimplifications requiring further development and we look forward to the responses that will enable that to occur. It is to be hoped that these responses will form part of the ongoing conversation take will place in the pages of *JCHRM*. The rest of the paper will be devoted to summarising the people management principles discussed, then and now. We also briefly describe what we have known about HRM research in China, and would like to encourage readers to check our most recent paper for a comprehensive analysis of HRM studies since 1949 (Zeng and Lamond, 2009b; Zhu et al., 2008). Finally, comments on future trends of HRM research in the context of China are remarked in the conclusion.

**Principles versus practices**

The phrase “yi ren wei ben” (Graphic 1), or principle of putting people first is commonly known in China, reflecting a rich tradition of interest in people management. Nevertheless, the extent to which these interests are reflected in practices is less empirically known in the context of China (Zeng and Lamond, 2009b). Putting aside for the time being, the insights from Sun Tzu (aka Sunzi), our survey of ancient texts by four well-known Chinese gurus (Guanzi, Hanfeizi, Xunzi and Yanzǐ) identified five principles relating to HRM in the context of ancient Chinese ruling of the state and governing people (Zeng and Lamond, 2009a). These principles of:

1. merit-based selection;
2. attraction and retention;
3. contribution-based rewards;
4. participation; and
5. sound leadership and ethics (Zheng, 2010).

Are very much in line with the concepts of fair/justice, equity, employee well-being and participation that form part of our model and which have been discussed by modern Western management thinkers such as Warren Bennis, Peter Drucker, Mary Parker Follett, Douglas McGregor, Rosabeth Moss Kanter, Elton Mayo and Jeffrey Pfeffer (Zheng and Lamond, 2009a).

There is every reason to believe that, just as earlier thoughts about selecting quality people as employees, managers and leaders, emphasising reward principles, participative management and recruitment and retention strategies, and using both hard and soft HRM approaches have informed contemporary Western organisational practices (Lamond, 2005, 2006), so they also inform contemporary Chinese institutions. Further empirical studies to clarify these practices among Chinese firms and build a Chinese theory of HRM (Barney and Zhang, 2009) are certainly warranted.

Through comparison of the ancient texts against the writings by the mainstream Western management thinkers, it is clear that the call for recognising and valuing individual contributions to business organisations and the wider society is not dissimilar across 3,000 years of human history. At the same time, however, it appears to be just as difficult to get modern managers in industrial organisations to implement sound management theories and translate principles into practice as it was to get kings to listen to the advice of the ancient Chinese sages (Zheng and Lamond, 2009a). These findings especially challenge us as management researchers. Do we conduct empirical studies just for the sake of study? Or broadly, how could we use our research and the knowledge we produce to educate and contribute to the well-being of the larger society in which we live and work (Tsui, 2010). As the theme of 2010 Academy of Management meeting well puts it, do we dare to care broadly and deeply about what we study and consider whether what we study will make a difference in the world of practice? Could we encourage our students, future managers to also care broadly and deeply about how they manage and how their decisions will make the world a better place for all? (Tsui, 2010).

In our teaching of HRM, we often address the issue of paradox or duality faced by HR managers who must uphold ethical principles whilst assisting the firms to achieve performance objectives (De Cieri et al., 2008). There seems an underlying assumption that if we care too much about people, performance might be compromised. One insight into a possible resolution for this dilemma emerges from reading the conversation between Yanzi and his student Shu Xiang (Zheng and Lamond, 2009a). The message is that there need not be conflict between people and principles, or people and performance but, rather, there would be problems if human relations are violated – better performance is deemed to be generated when principles and practices are matched. These have been empirically tested in many Western companies (Pfeffer, 1998), less so among Chinese organisations. We would welcome submissions to JCHR to conduct rigorous empirical studies taking into account relevant variables generated from surveying the ancient Chinese texts, as well as modern HRM practices, and testing how they link with principles and performance.

Currently, we are missing data about people management issues between the “Spring” and “Autumn” periods of ancient China and the establishment of People’s Republic of China
1949. However, there might be related studies in other disciplines, such as anthropology, sociology, history or economics prior to 1949 apart from the discipline area of management on which we can draw to help fill this gap, in the same way as similar approaches have informed management theory in the west over the last century. Studying people management from another angle could be quite rewarding, e.g. from the historical perspective – we can move forward by looking at what has been done in the past. Our own effort to review empirical HRM studies for the past 30 years (1978-2007) are summarised below (Zheng and Lamond, 2009b).

Known versus unknown

Our critical review of 107 empirical studies of HRM in China, published in 25 leading international journals across a 30-year period, was prefaced by a review of the existing literature related to people management issues in other disciplinary areas, e.g. political science, since 1949. There was very limited research in the field before 1978. Only two studies (Schurmann, 1960; Andors, 1977) took account of the complex organisation and management of the Chinese Communist Party and associated enterprises during the era of Mao Zedong (1949-1976). Only after the open-door policy implemented in 1978 did management research interest in China flourish. We have seen a series of studies contributing to the discussion on Chinese new labour policies, overall HRs and industrial relations (IR) systems, and specific HRM functions such as selection and appointment of the party leadership team, compensation, management education and training and staffing practices (Zheng and Lamond, 2009b).

As knowledge about management practices in China developed, particularly after 2000, the development of specific HR systems and general IR frameworks underpinning Chinese HRM practices and performance outcomes were more widely examined (Zheng and Lamond, 2009b). As a result, several themes of research on HRM in China have emerged:

- examining the employment relations/IR framework as well as the general HRM context in China;
- evaluating the specific HR functions, covering compensation and rewards; recruitment and selection; training and development; performance evaluation; employee participation and HR planning;
- assessing the impact of high performance HR practices;
- comparing HR practices across different ownership and size as well as between those firms in the west and inside China; and
- speculating the potential of new developments and future work forms in China.

By and large, however, researchers appear to have been more concerned about the different approaches to corporate governance, the potential of building distinctive HRM models and the comparative influence of trade unions and IR systems in China and other countries than with an understanding of specific combinations of Chinese HRM practices. In addition, public-sector pay systems and social security safety net as well as the influence of World Trade Organisation access on HRM were also examined (Zheng and Lamond, 2009b).

The result has been that, despite the rapid growth of the literature in the field of HRM in China (and the not insubstantial size of the population in China), HRM studies in China continue to be represented as a sub-set of international HRM research rather than being
recognised as part of mainstream business and management research. Most of the
empirical studies are comparative in nature and strongly emphasise theory development
based on Western (largely US) models, rather than being informed by the indigenous
(Chinese) context. This is especially worthy of note, given that the majority of studies we
examined were carried out on firms operating within China, suggesting that the notion of
“international” may well be very much a perspective of the researchers (largely from
outside China) rather than being consistent with the relevant theory.

For example, based on existing theoretical models (Schuler et al., 1993, 2002; Brewster et
al., 2005; Schuler and Tarique, 2007), the purpose of international human resource
management (IHRM) is to enable multi-national enterprises (MNEs) to succeed in the global
market by developing and deploying corporate HRs in an effective and efficient manner;
balancing the competing demands of implementing global coordination strategy; and
responding to local specific needs; and promoting knowledge transfer and organisational
learning across dispersed units among parent and subsidiaries. This view contains at least
three assumptions about MNEs – they are private entities; are largely headquartered in
developed countries; and, when facing increasingly intensive global market competition,
worldwide flow of capital, knowledge, information and other resources, and interconnected
global production networks, they will adopt a strategy of managing HRs effectively as their
key determinant in gaining global competitive advantage and achieving success in
international business (De Cieri et al., 2007).

These assumptions do not stand scrutiny when examining Chinese MNEs – many are state-
owned enterprises (SOEs) operating largely under the control of state. Buckley et al. (2007)
argue that it is difficult for scholars to analyse the management and performance of Chinese
SOEs engaged in outward foreign direct investment utilising the existing models, because
they do not give sufficient weight to the impact and importance of the geopolitical context
on enterprise performance and management behaviour. In the same vein, Child and
Rodrigues (2005) suggest extending the theoretical development of international business
and management research in order to explain the new phenomenon of China's involvement
in the global economy, tagged with different strings. Further, De Cieri et al. (2007, p. 286)
questioned the assumptions in existing IHRM theories derived largely from studying MNEs
from developed countries, and interrogated the risk of deliberately “reproducing practical
ethnocentrism at the theoretical level”. There appears to be an urgent need to search for
new approaches and new theorising of IHRM in order to adequately explain international
management and performance of these distinctive Chinese firms.

Additionally, a focus on either comparative study or on theory development could trap us at
two polar ends. On one hand, many comparative studies have placed too much emphasised
on the relevance of HRM practices in the west, especially in the USA, putting China simply as
an illumination point for the uniqueness of American HRM. On the other end, if one aims to
genuinely develop an indigenous model of HRM in context, China must be placed at the
centre for studying HRM. In the absence of doing so, most studies we examined tend to fail
the “so what” test of relevance. This leads us to a quite incomplete picture of what
constitutes the “real” HRM in China (Zheng and Lamond, 2009b).

Once again, several pitfalls from existing HRM research in China were identified Zheng and
Lamond (2009b). The many comparative studies mean we now know more about the
unique HRM practices of the Western (especially US) companies than about HRM in China.
Second, we have also seen that many empirical studies seek to test the generalisability of Western models of HRM theory to Chinese firms and employees without considering the issue of incompatibility or inaccuracy of testing because of likely misunderstanding by Chinese participants of the research paradigm familiar to the west. Third, research on HRM practices among Chinese firms tends to be largely descriptive, generally lacking in analytical rigour, with an absence of HRM theory building that could be generalised in the wider China region. Finally, while recent focus on examining HRM practices of inbound foreign direct investment (FDI) firms has helped enhance our understanding of the diversity in the patterns of FDI companies operating in China and their management practices, the ethnocentric approach used has ignored the unexplored challenge of identifying potentially similar diverse patterns in outbound FDI of Chinese firms, leaving further gaps in building China HRM models that can elaborate both domestic and international business environments (Zheng and Lamond, 2009b).

It appears that there is a long way to go until we can draw a comprehensive picture of HRM practices in China. More in-depth research is required to examine and complete the picture of the HRM philosophies, policies and practices among Chinese organisations in China, and, indeed Chinese organisations increasingly operating outside China. This demands researchers outside and inside China, working together, to build a wealth of knowledge about actual HRM practices in Chinese organisations, and how they might shed light on more effective HRM practices around the globe. In the conclusion, we point to some pathways that may contribute to advancing global management and organisation knowledge via HRM research in China.

**Looking back and looking forward**

Winston Churchill once said, “The further backward you look, the further forward you can see” (Greenspan, 2007). From our recent research, and from the further review in this paper, we have developed a better understanding of what HRM philosophies and practices have been adopted among Chinese organisations, in both ancient and recent times. We have done a job of “looking back” and provided, at least in part, an answer to the question of “what do we know about HRM research in China?”. It is time to look forward by asking the complementary question, “what else do we need to know?” Based on our review, we have identified seven important streams for future research in the area of Chinese HRM. These are:

1. characteristics and roles of HR practitioners and professionals;
2. decision-making processes in developing HR policies and practices;
3. work-life balance – family friendly practices;
4. influence of the new labour law on HR practices;
5. HRM in globalised Chinese firms;
6. HR information systems in Chinese firms; and

With the results of research in these areas, with China as the focal point of the research rather than a point of comparison, we have the basis for enhancing and refining the preliminary model presented in this paper. We can then build a solid theoretical framework to understand and explain the links between principles, practices and performance among
Chinese organisations at home and globally, taking into account China’s unique cultural and institutional setting. We welcome the establishment of the *JCHRM* and this opportunity to make a contribution to what we are confident will a long, vibrant and conversation about Chinese HRM.

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**Source:** Brewster and Hegewisch (1994, p. 6)

*Figure 1A model for investigating HR strategies: the European environment*
A model for investigating HRM strategies in the Chinese context

Graphic 1

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